SUPERMARKET BUSINESS

® VOLUME 46/NUMBER 2
FEBRUARY 1991

FRESH SEAFOOD

Still an upstream battle for most supermarkets.

Federal inspection won't solve all the problems.

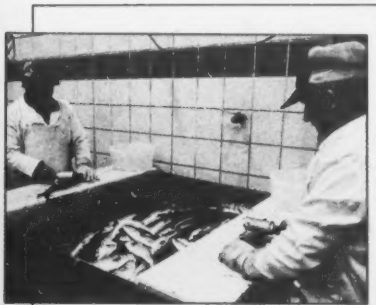
69
3-DIGIT 208
*********** C-R
247 5B5C458091B G
CUNGRESSIONAL INFO SRV
CUNGRESSIONAL INFO SERVIC
4521 EAST-WEST HIGHWAY
BETHESDA MD 20814

SUPERMARKET BUSINESS

FEBRUARY 1991

VOLUME 46
NUMBER 2

FEATURES



Page 21

FRESH SEAFOOD: STILL AN UPSTREAM BATTLE FOR MOST SUPERMARKETS 21
MIKE DUFF

While the consumer market was never better, specialty stores and restaurants still have the best image when it comes to handling, serving and selling seafood. Supermarkets still have much work to do to catch up.

ELECTRONIC MARKETING: NOT YET ON TARGET, BUT COMING INTO FOCUS 35
DAVID LITWAK

Too much information may not be a good thing. Huge databases are going unused as retailers search for the best and most cost-effective ways to target customers.

Page 47

SUPERMARKETS, SUPPLIERS SET TO BITE BACK AGAINST SPECIALTY PET FOODS 43
MIKE DUFF

Strong growth among producers of pet foods sold by pet stores and veterinarians has prompted some supermarkets and their suppliers to develop new competitive strategies.

SUPER STOP & SHOP: BETTING THAT BIGGER IS BETTER—UP TO A POINT 47
HOWARD RIELL

How much space does a store need to satisfy customers' desires for one-stop shopping? Through experimentation, one Boston-based company thinks it has found the answer.

INSTORE BUSINESS

NINTH ANNUAL SERVICE DELI OPERATIONS REVIEW DAVID LITWAK 57

Service deli departments enjoyed another year of double-digit growth in 1990. Increases in total units and sales per unit pushed sales to a record $12.76 billion, as margins and profit levels remained steady. Gains were smaller, however, than in the previous year.

KENNIE'S MARKET: USING RESTAURANT KNOW-HOW TO CATER TO CUSTOMERS 79
HOWARD RIELL

With an extensive prepared food program and a highly successful catering service, this Pennsylvania store relies heavily on its management's restaurant expertise.

NONFOODS BUSINESS

BACK-TO-SCHOOL PROMOS: HANDLE WITH CARE FRANK HAMMEL 93

Whether used as traffic-building devices or profit-generating events, back-to-school promotions require careful long-range planning.

SAMI UPDATE ALAN B. MILLER JR. 95

Page 16

COLUMNS & DEPARTMENTS

EDITOR'S VIEW 7
WASHINGTON BRIEFS ... 9
TRADESCAN 11
SUPPLIER SIDE 14
TECHNOLOGY 16
PRODUCE 19
PREPARING FOOD 87
NEW PRODUCTS .. 85,89,90
FEBRUARY CONTEST .. 104
ADVERTISER'S INDEX . 105
CHECKOUT 106

Cover Photos: Keith Glasgow

WE ARE AT A CROSSROADS, BUT THE WAY IS CLEARING

By Ken Partch, Editor-in-Chief

What are friends for if they don't tell you about important new books to read? That's what a friend, Mike O'Connor, just did for me, so I'll pass it on to you. The book is called *The Machine that Changed the World*, and it's based on the Massachusetts Institute of Technology's five-year, $5 million study on the future of automobile manufacturing.

It describes the revolutionary leap that the Japanese made from *mass* production to *lean* production, and "what industry everywhere can learn from it" ... Including the supermarket industry, I might add.

Lean production, the term used by the MIT group, is a combination of the best features of craft skills and mass production, employing fewer people, for less time, at much less cost, to achieve higher quality of a wider range of products, and more challenging work for everyone.

The book makes sense out of lot of the nonsense you've heard about Japanese methods, and such things as "quality circles." This got me thinking about W. Edwards Deming, the American inventor of the whole idea of quality circles.

Why, for example, did the Japanese adopt the quality circles of W. Edwards Deming when he couldn't get anywhere with American business? Because the circles made perfect sense to an industry that was changing its methods of management and production to a system that required a high degree of teamwork, and a great deal of on-the-spot problem solving.

The workers at Toyota (where most of these new techniques were developed) are responsible for quality at the point of origin of the problem, and will correct it there rather than wait until the entire car is assembled, which is how it is still largely done with mass production throughout the world. In a system such as this, quality circles are a necessary development.

In other words, what good would a system of quality circles do at a supermarket if all that the store manager was concerned about was "shrink"? You can't tack quality circles onto a system that has management going in one direction and the workers in another.

In a recent interview, Deming had this to say about trying to inject fast-cure, management antidotes without changing the system—Management by Objective, for example. Deming: "You only get what the system will deliver." If you employ a method like MBO without realizing the limits or the capability of the system you may achieve your objective at the risk of destroying the company.

What good would a system of "quality circles" do at a supermarket if all that the manager was concerned about was "shrink"?

"A manager will make it happen. He better make it happen, that's his job. And to make it happen, he'll ruin the company ... Take the manager of a store. He's allowed only one percent shrinkage (loss from theft). He knows 60 ways to reduce it to one percent, and every one of them loses customers. Could you blame him for doing his job? He wouldn't have a job if he didn't do it."

Sound familiar? In other words, Deming is saying that to change American business you have to change our whole concept of management and business purpose.

That's what is so striking about what the MIT study has to tell us. In recalling the origins of mass production, and the contributions of Henry Ford, the book points out that what Ford did that was really revolutionary was not so much the moving assembly line, but the ability to make parts that were *interchangeable*.

Once the parts were interchangeable, there was little need for skilled machinists except at certain stages of design. The workers needed to know very little, and could be trained in minutes. Now, the workers were also interchangeable. Now, a large pool of unskilled workers was required who could be easily laid off when business turned down, and rehired when business turned up. It took awhile to learn that these same workers would also become a market for the cars.

And in my view, this was the beginning of many of the forces that would continue to drive our society until this day. It defines our politics. Now, work itself would never again be the same, and business would never again be the same.

Alfred Sloan at General Motors would go on to perfect mass production, and the world would never again be the same. Big business followed the Sloan model, the book says. Enter big unions and big government. Indeed, Alfred Sloan is said to have said that one of the few people capable of running GM was Walter Reuther, who ran the United Auto Workers.

The American automobile industry model for dealing with workers, suppliers and customers has been pretty much followed by most American big business. Each segment of the industry first alienates the other by driving the hardest bargain it can (the auto maker with labor and its suppliers, while keeping its dealers and the customers at arms length) and then continues to operate toward the other segments as an adversary—except, of

Continued on page 12

SUPERMARKET BUSINESS

EDITOR-IN-CHIEF: **Kenneth P. Partch**
MANAGING EDITOR: **Wayne Schmittberger**
SENIOR EDITOR/RESEARCH: **David Litwak**
SENIOR EDITOR: **Mike Duff**
EDITORIAL RESEARCH ASSOCIATE: **Janet Torres Cepeda**
EDITORIAL ASSISTANT: **Arlette Spears**
CONSULTING ART DIRECTOR: **Joe Davis**
ART ASSOCIATE: **Keith Christensen**

CONTRIBUTING EDITORS: **Frank Hammel**, **Howard Riell**
Produce: **Barney H. McClure**
Food Prep: **Elaine Reader**
Technology: **Richard Shulman**
Store Planning: **David Rogers**
Washington: **Ken Rankin**
Management: **Jack Cohen**

PUBLISHER: **Jeffrey A. Schaeffer**
ASSOCIATE PUBLISHER: **Carol Fenshall**
CIRCULATION DIRECTOR: **Frank Marino**
PRODUCTION DIRECTOR: **Gregg Weatherby**

RESEARCH DIRECTOR: **David Litwak**
MANAGER SUPPORT SYSTEMS: **Rachel Crouchelli**

ADVERTISING SALES:
REGIONAL SALES MANAGER: **Don Rocco**
SALES DEVELOPMENT DIRECTOR: **Janet Isenberg**
ADVERTISING SERVICES DIRECTOR: **Karen Kingsley**
CHICAGO: VICE-PRESIDENT, NATIONAL ACCOUNTS: **Dave Wishard**

REGIONAL SALES MANAGER: **John Sonderegger**
1821 Walden Office Sq.
Suite 333
Schaumberg, Ill. 60173
708-397-6700

WEST COAST: **Ilse Marrill**
16133 Ventura Blvd., Suite 1270
Encino, Calif. 91436
818-783-5888

VICE PRESIDENTS: **Carol Fenshall**, **Kenneth P. Partch**
VICE PRESIDENT-ADMINISTRATION: **Catherine Cahill**

CORPORATE OFFICERS FM BUSINESS PUBLICATIONS, INC.

CHAIRMAN: **Robert Riordan** PRESIDENT & CEO: **Paul McPherson** PRESIDENT-MARKETING/SERVICE PUBLICATIONS DIV.: **Jeffrey A. Schaeffer**

SUPERMARKET BUSINESS Magazine (ISSN 0196-5700) is published monthly by FM Business Publications, Inc., 475 Park Avenue South, New York, N.Y. 10016. Telephone: 212-779-4391. Circulated free of charge to grocery retailers and wholesalers. U.S. subscriptions $53 per year; Canada, $62 per year. Foreign subscriptions $73 (seamail), $233 (airmail), per year. Single copies $7 except Consumer Expenditures Study (September issue) $32 per copy. (Discount prices available on multiple purchases.)

Copyright © 1991 FM Business Publications, Inc. All rights reserved. SUPERMARKET BUSINESS is a registered trademark of Supermarket Business Inc. Second class postage paid at New York, N.Y., and additional mailing offices.

All circulation inquiries to: SUPERMARKET BUSINESS, P.O. Box 175, Winchester, MA 01890.

SUPERMARKETS, SUPPLIERS ACT TO... BITE BACK AGAINST SPECIALTY PET PRODUCTS

BY MIKE DUFF

Strong growth among producers of pet foods sold by pet stores and vets has prompted some supermarkets and their suppliers to develop new competitive strategies.

The pet food business is about to get tougher as mass market-oriented processors get ready to challenge competition from a new breed of specialty producers.

Brands such as Iams and Science Diet, which are sold by veterinarians and pet stores, have eaten into supermarket sales, according to pet food producers such as Kal Kan and Quaker.

To counter the threat to their territory, they have developed new products, brand extensions and reformulations that better address the nutritional concerns pet owners have for their animals, a position that the specialty producers have successfully employed.

John Murray, vice president of marketing and sales for Kal Kan Foods, Inc. (Vernon, Calif.), asserts that specialty products are making significant incursions into supermarket sales of pet food. Pet food dollar volume currently is growing at an annual rate of only about 1.5 percent in supermarkets, Murray says. Poundage actually is down about 0.5 percent.

Conversely, specialty outlets have enjoyed pet food sales growing at about an 18 percent rate and total current volume estimated at around $2.3 billion, according to Kal Kan.

"The results we see in the scanning data have to be because of some switching of channels," Murray says. "At the same time, we've got information that dog and cat ownership is still increasing.

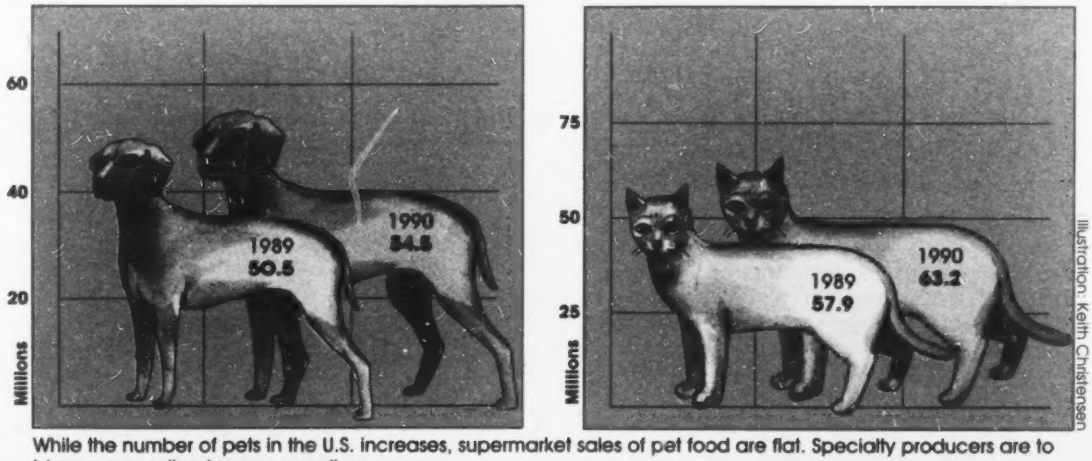
"The incidence of dog ownership rose between 1989 and 1990 from 36.2 of U.S. households to 37.3 percent. The number of dogs in the U.S. is believed to have risen from 50.5 in 1989 to 54.5 million in 1990.

"For cats, incidence of household ownership rose from 30 percent to 31 percent and the number of cats rose from 57.9 million to 63.2 million. So the market in terms of numbers of mouths out there is still increasing."

Murray says that a proportion of pet owners have made the switch to specialty products—and swallowed their higher prices—because they have a closer personal bond with their pets and because many reflect concern about their own diet on the animal. If the truth be known, Murray adds, the attention to nutrition probably has a lot to do with preventing high veterinary bills as well love.

But not all supermarkets believe their pet food business has been significantly eroded

PET POPULATION BOOM



While the number of pets in the U.S. increases, supermarket sales of pet food are flat. Specialty producers are to blame, according to some suppliers.

by specialty brands. "We've looked at this and we don't think we've lost sales," says Doreen Lewis, pet food buyer for Hannaford Bros. Co. (Scarborough, Maine). "Our sales are outstanding and growing. The pet food manufacturers claim we're losing sales to Science Diet, Iams and the others, but we haven't seen it."

Lewis concedes, though, that Hannaford Bros. will carry new nutritional offerings. After all, the promotional money "sure is" attractive. "And it's another way we'll offer our customers one-stop shopping convenience."

Ralston Purina Co. (St. Louis) says that the reason many supermarkets haven't developed a perception that specialty products are hurting their pet food sales is because supermarket and specialty segments have different customers.

"The two have distinct constituencies," says Patrick Farrell, a Ralston Purina spokesperson. "Our research shows that."

However, Ralston does believe there are grocery store customers interested in something better for their pets. Four years ago, they introduced the ONE line of dry dog food to address the needs of those consumers.

"We saw that, in a number of supermarket departments, upscale products thrived," Farrell says. "Our goal, with the ONE products, was to show that upscale dog food was something that would be purchased in supermarkets.

But, while it positioned ONE to break new ground in supermarkets, Ralston Purina also addressed the specialty sector with Pro-Plan, a product sold by "pet specialists," such as pet stores.

Although Ralston Purina downplays competition between the specialty stores and supermarkets, Spartan Stores, Inc. (Grand Rapids, Mich.) takes it very seriously. The company has been developing its own plan to compete with specialty product outlets which it believes are hurting sales industry-wide.

"We have $2 billion in sales going away from us to specialty stores, a tremendous amount," says Rick Ribbens, a buyer who played a central role in recently revising Spartan's business plan for pet food. "Our volume is down, and a more and more pet stores are coming into the arena against us. Now, we're competing with a consumer perception created by the specialty product manufacturers that their products are superior. We can't continue to lose business, especially because the consumer we're trying to reach already is in the store."

Ribbens commends Kal Kan and, ironically, Ralston Purina as the suppliers who are providing them the best ammunition with which to fight the specialty trade. For its part, Spartan Stores is looking to break products with nutritional positioning into an independent section—something suppliers agree is crucial to secure consumer recognition.

Better contents in the Kan

Kal Kan intends to fight back with a program that includes an expansion of its successful Pedigree and Whiskas lines that emphasize the company's dedication to research and to improving the nutritional quality of pet diets.

"Kal Kan has conducted extensive research with specialty diet products such as Iams on the palatabilty of their product with animals and has harnessed our own nutritional understanding," Murray says. "We have been manufacturing and selling specialty diets in 23 countries around the world outside the U.S. Therefore, we have the nutritional understanding developed at our Waltham Centre for Pet Nutrition, a leading center for nutritional investigation."

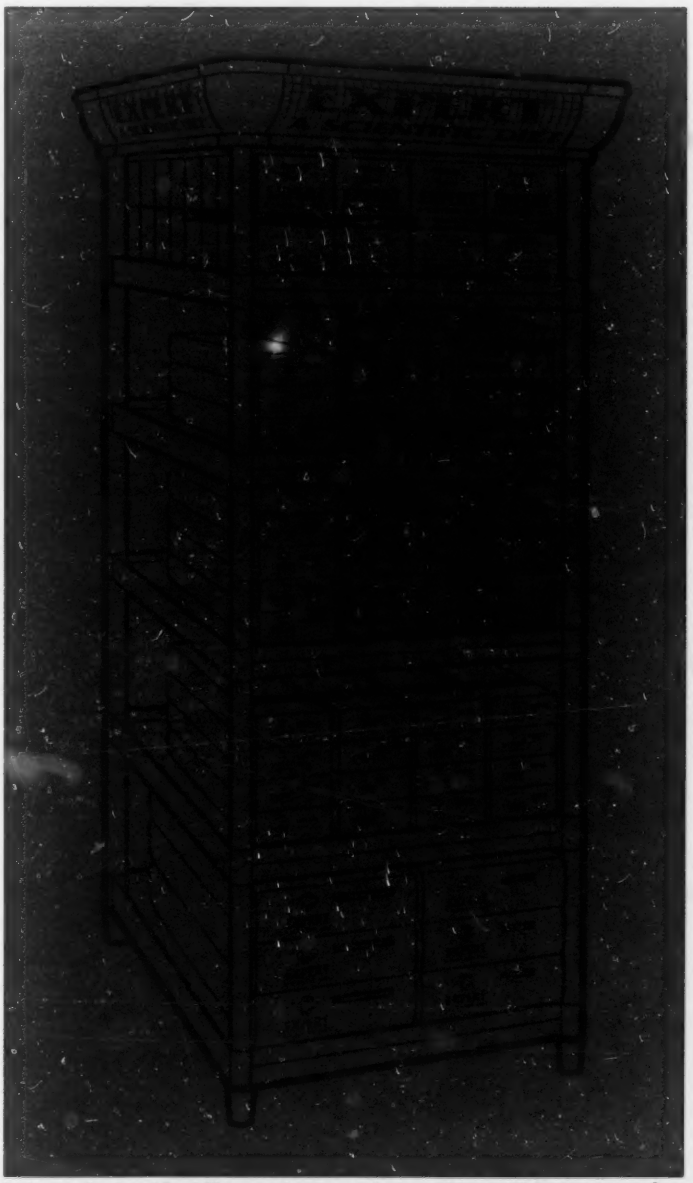
The result of Kal Kan's research is a product that Murray says is less expensive and more palatable—i.e. tasty—than specialty varieties with equal or superior nutrition.

"In terms of the total proposition, we will be an attractive to the users of these existing specialty diets," he says.

Pedigree Expert and Whiskas Expert, trademarked names for the new products, will be offered to all channels. To reach into the specialty products' arena, Kal Kan will offer a product line called Waltham Diets through veterinarians. Waltham Diets are formulated to meet nutritional needs of animals undergoing treatment for medical conditions and are positioned to win consumers over to the Expert lines after an animal regains its health or for other pets an owner might have.

"We can offer to the supermarket operator the chance to recapture the high value shopper, who is the purchaser of specialty diets," says Murray. "We also offer the opportunity of trading up within the store's product range toward

'We can offer to the supermarket operator the chance to recapture the high-value shopper, who is the purchaser of specialty diets.'



Independent pet "nutrition centers" are designed to get the message of products such as Kal Kan's Expert line across to shoppers.

quality and higher price."

Kal Kan plans an aggressive marketing campaign to support the rollout of its Expert lines. The company has budgeted about $40 million for a campaign that will include television, print, couponing and point-of-sale advertising.

Kal Kan also has developed a store fixture system promoting Pedigree and Whiskas as Expert: A Scientific Diet to ensure that the 36 SKUs in the product line aren't lost in the pet food section.

The product line includes Pedigree Growth for puppies, High Performance for active dogs, Conditioning for adult dogs, Low Calorie for overweight/inactive dogs, Senior for older dogs and Biscuits, which represents the first line of healthy snack food for dogs, Murray says. The Whiskas Expert line includes Growth for kittens, Conditioning, Low Calorie and Senior for adult cats formulated in correspondence to the Pedigree Expert products.

Re-Cycle

The pet foods division of The Quaker Oats Co. (Chicago) has taken a different tack by reformulating its Cycle dog food line.

Cycle, too, has been designed to compete nutritionally with the specialty brands. "We really reformulated Cycle to be as good as the professional brands but available at the grocery store at a price that's a lot more reasonable for your average consumer, especially at a recessionary time." says Louise Wolf, assistant brand manager for Cycle. "We think people will come back to the grocery store after they compare, talk to their veterinarian and think about both the price they're paying and the convenience compared with going outside the grocery store."

With a market position that already plays on some aspects of nutrition, Cycle might have benefited from the growth of specialty brands and from shoppers looking to dish up better doggy diets. But the company was slow to act.

"We didn't take advantage of what consumers were looking for," says Wolf. "That's what we're doing now with this formulation. But we were the first ones to come out with staged products in the grocery store. Because the threat wasn't as big in the past, we didn't really compete head to head with the specialty brands in other outlets, and we didn't demonstrate to consumers the difference between our products and other products in the grocery stores. Now we see our competition differently. All of our programs are geared to talking to consumers and professionals about what is good about Cycle."

Promotional efforts for the new Cycle include couponing and related advertising and in-store Nutrition Center fixtures designed to display Cycle's products along with other nutritionally-oriented brands. The Nutritional Center—which can include supermarket logos and related retailer graphics—will include POP material, various nutritional brochures and pamphlets informing consumers how to use a 900 number system dubbed Pet-Line that provides health and behavior information about their dogs 24-hours a day.

Reformulated Cycle will be available nationwide by March, says Wolf. Kal Kan's Expert line is rolling out nationally over the first six months of this year, according to Murray. ■

SPECIALTY PRODUCERS SAY NEW COMPETITION IS NO THREAT

While mass market pet food producers get set to take on a specialty segment—products sold by veterinarians, breeders and pet stores—specialty producers remain confident that they will continue to thrive.

According to Glenn Williams, manager of marketing communications at Iams Co. (Dayton, Ohio), the positioning of specialty products insulates the company from mass market competition.

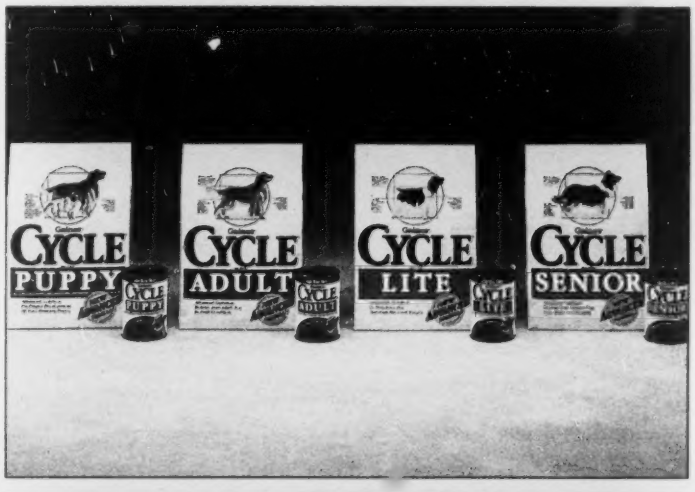
"These products require educated professionals to sell them," he contends. "This food is very different from anything currently sold in supermarkets. It has better nutrition, higher protein and a higher price. But because it is more nutritionally efficient, you can serve less. So the cost per serving can be less than some competing products sold in supermarkets. You need someone to explain."

The customers who buy specialty products are also fundamentally different from supermarket customers, says Williams. "Our customers are more serious. For them, a dog is more than a dog, it's a member of the family."

Ralston Purina takes a similar position about the pet food marketplace. Although the company does produce its ONE products for supermarket shoppers who want a "super-premium" dog food, they also produce a separate line—Pro-Plan—for the specialty trade. Ralston Purina believes that supermarkets have fundamentally different pet food customers from veterinarians and pet stores.

But not everyone agrees. Kal Kan and Quaker have positioned their pet food products to compete directly against what Williams identifies as the specialty trade's strengths. Those companies say their products are formulated to match or surpass the nutritional performance of the specialty producers. And, they are setting up separate nutritional centers in supermarkets that provide nutritional information in the hope that they can reach supermarket shoppers their own benefit story.

But Williams counters, "That's a tough sell in grocery stores. We haven't had a chance to analyze these new products yet, but we still think we're nutritionally superior. It should be an interesting year."—M.D.

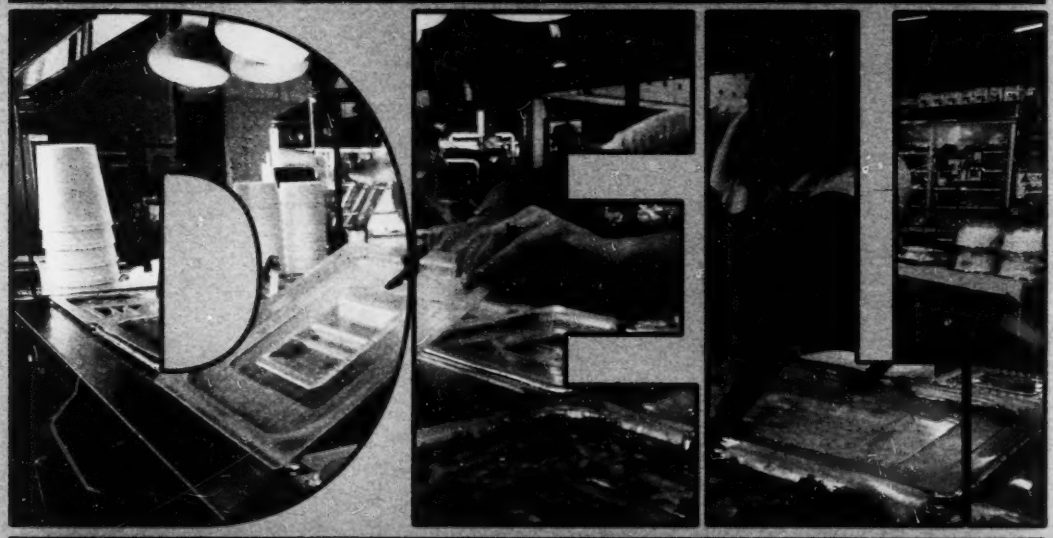


Both the new Cycle and Expert product lines will be available nationally by the end of spring.

SUPERMARKET BUSINESS

instore BUSINESS

NINTH ANNUAL SERVICE DELI REVIEW



Service deli departments enjoyed another year of double-digit growth in 1990. Increases in total units and sales per unit pushed sales to a record $12.76 billion, as margins and profit levels remained steady.

BY DAVID LITWAK AND JANET TORRES CEPEDA

■ The 1990s began with another year of double-digit growth in the service deli department, as sales volume increased from $11.13 billion in 1989 to a record $12.76 billion, a gain of 10.4 percent. Both sales and units were up; more salami was sliced, more macaroni salad was scooped, pizza baked and entrées chilled, and enough six-foot heros were sold to reach from Topeka to Trenton or Tacoma.

The news doesn't sound quite as good when it is put into perspective. In 1985, sales in service delis were $5.83 billion. Over the next five years, sales more than doubled—the 1990 level represents a 119 percent increase over 1985. But growth is slowing dramatically: The service deli's 10.4 percent gain in 1990 is far below its 16.5 percent growth in 1989, and is only half its 20.7 percent increase in 1988.

There are a number of factors that account for this slowdown. By all accounts 1990 was not a wonderful economic year in general, and the effects of the sluggish economy were felt in the food industry.

Another reason, and one that may have more permanent effects, is that the service deli has grown up. The department is maturing, people are used to shopping it, and the department has a penetration of 68 percent of all operating supermarkets.

Sooner or later, any "hot" section will stop growing at 16 percent or 20 percent a year. Eventually, you get to the level where you stop building the franchise, and have to begin concentrating on getting more out of what is already in place. Supermarket service delis may be reaching that point. Growth will come by taking the customers they have and addressing products and services to them more directly. In a sense this has already begun.

Part of the deli's increase in sales during 1990 can be attributed to the increase in the number of deli units operating. Last year there were 20,975 supermarkets that operated service delis, 775 more than in 1989.

The addition of these new units

CENSUS 60

SALES, MARGINS & PRODUCT MIX 62

SPACE 64

LOCATION & EQUIPMENT 69

LABOR & SERVICE 70

PRODUCTION & SUPPLY 72

MERCHANDISING & CUSTOMERS 76

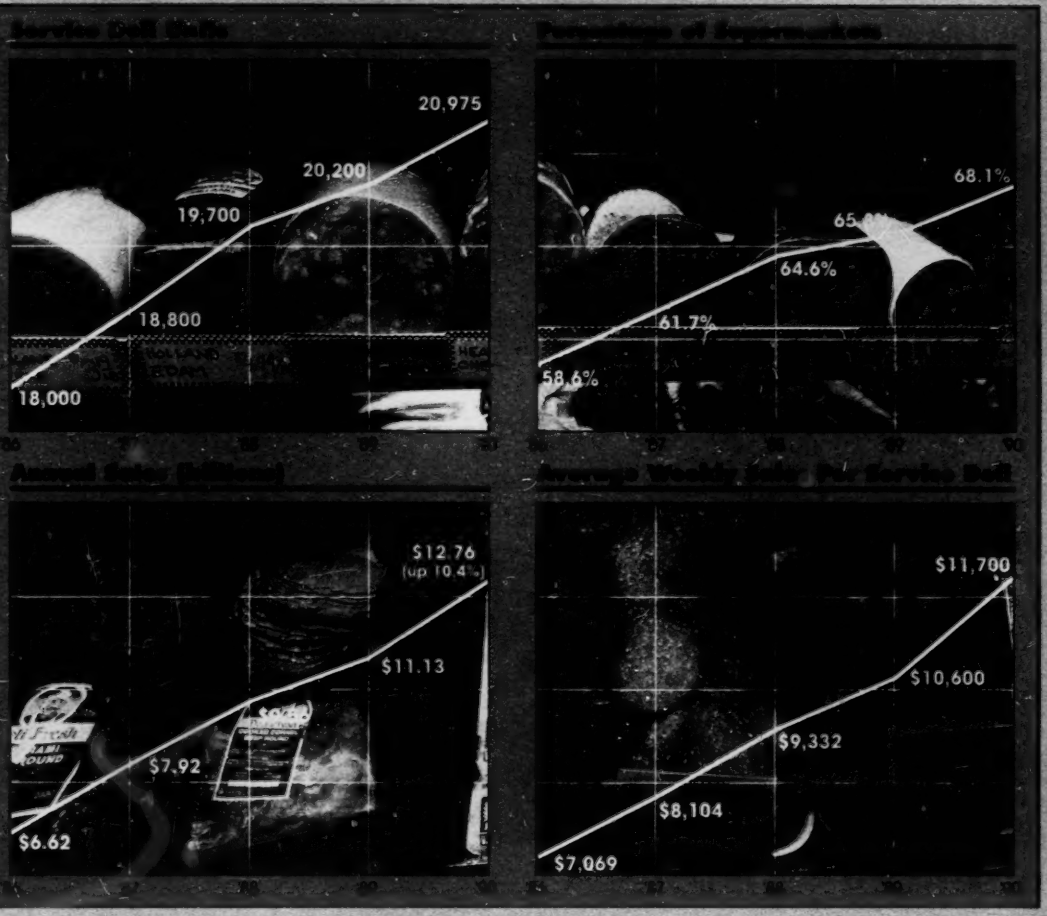
DELI SERVICE

CENSUS

The addition of 775 new deli units helped the service deli achieve its highest sales year ever in 1990. The $12.76 billion mark was an increase of more than 10 percent from 1989's $11.13 billion.

The deli's growth has begun to slow. In both units and sales, 1990 gains were smaller than those of 1989. In comparison with the past several years, sales increases were particularly modest.

Weekly sales per deli unit rose as well last year. The average deli brought in about $11,700 per week, compared to just $10,600 in 1989. Part of this gain can be explained by higher prices, but volume movement increased as well.



Service deli sales rose over 10 percent last year, bringing annual sales to $12.76 billion.

helped account for a some of the sales and volume gain in 1990. The average weekly sales per deli last year was $11,700. This was only $1,100 more than the weekly sales of a deli in 1989, and therefore, accounted for about $1.16 billion of the increase. The new units contributed the other half billion dollars in sales.

Sales, profits, margins steady

The increase in the average weekly sales of the deli was felt by all segments of the supermarket industry. Ninety-one percent of the operating companies reported that their weekly deli sales increased during 1990, with the average increase being 9.4 percent.

An additional 7 percent of the companies had weekly sales that were unchanged from their 1989 levels, while only 2 percent of companies experienced a decline in weekly deli sales last year.

This average for weekly sales can be deceiving; the actual spread of sales is quite large. Just breaking weekly deli sales into three averages based on type of store, gives an indication of the wide range of weekly sales.

Despite these gains in average weekly sales, the deli's share of total store sales went basically unchanged. In 1990 the service deli was responsible for 4.3 percent of store sales in those stores that had the department, down just slightly less than the 4.5 percent in 1989. This would indicate that at least some of the weekly dollar sales gain in the deli during 1990 was due to increased prices.

Also holding steady last year was the average profit contribution that the deli makes to the store's total. During 1990 the deli contributed about 14.6 percent to the total store's bottom line. This means that the ratio of percentage of profits to share of store sales is still better than 3 to 1.

Part of the reason that the deli sale is so profitable is the relatively high margin that the deli carries. The average gross margin in the whole deli held steady last year at 43.1 percent. Certain deli items, such as prepared foods, have gross margins well above the 50 percent mark.

The other side of the deli sales coin is what the deli does as a draw for the rest of the store. Eighty-four percent of operators consider their delis to be both a profit center and a draw for the rest of the store.

The deli as a draw may be losing some of its automatic appeal. With a penetration level of 88 percent of all supermarkets, just having a deli is not necessarily a competitive advantage. The advantage is only gained by the deli that offers an outstanding or

DELI SERVICE

SALES, MARGINS & PRODUCT MIX

Sales increases were widespread in the supermarket deli industry last year. Ninety-one percent of retailers reported increased deli sales in 1990. The average reported increase was 9.4 percent.

Despite these sales increases, the share of total store sales that comes from the deli dropped slightly. In 1990, 4.3 percent of store sales came from the department, down from 4.5 percent in 1989. With the average gross margins of the deli remaining at 1989 levels (43.1 percent), the deli was able to maintain its share of contribution to total store profits.

There was little movement in the adoption or abandonment of special deli sections or products last year. Salad and soup bars, yogurt machines, tortillerias, pasta and other sections remained close to 1989 penetration levels.

Average Weekly Sales

Mean **$11,700** Median **$10,800**

By Store Format

Conventional	$8,920
Superstore	$15,300
Superwarehouse	$15,900

Change in Dollar Sales ('90 vs.'89)

Higher	91%
No change	7
Lower	2
Total	100%
Average reported increase	9.4%

Do You Consider Your Deli's

Image/traffic builders	4%
Profit centers	12
Both	84
Total	100%

Share of Total Store Sales

Mean **4.3%** Median **3.8%**

By Store Format

Conventional	4.93%
Superstore	3.91
Superwarehouse	2.56

Contribution to Store Profits

Mean **14.6%** Median **15.5%**

Percent of Store Profit

Less than 8.0%	2%
8.0-9.9%	8
10.0-11.9%	23
12.0-14.0	31
15.0 or more	36
Total	100%

Gross Margin

Mean **43.1%** Media **41.0%**

Less than 35%	6%
35-39	28
40-44	38
45-49	14
50 or more	12
Total	100%

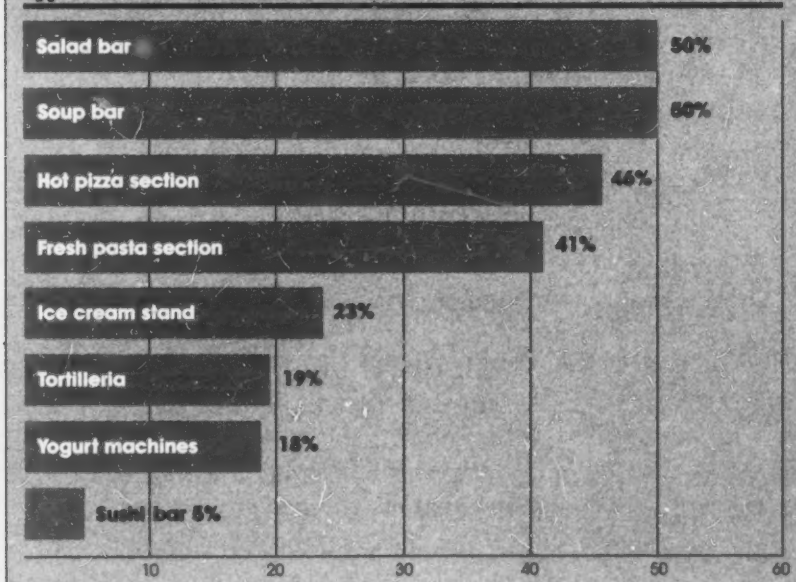
Items Dropped or Decreased

- Barbecue items

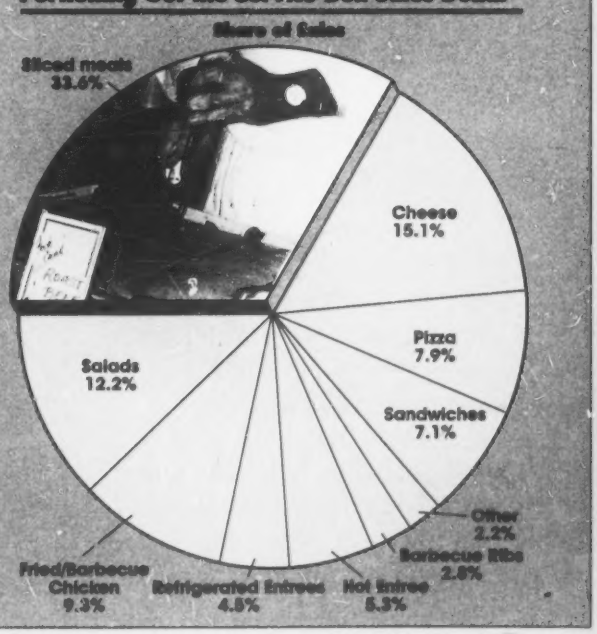
Service Deli Items/Lines Most Frequently Added or Increased

- Refrigerated entrees
- Hot Pizza
- Lite Salads

Percentage of Companies Offering Each Type of Product Section as Part of Service Deli



Portioning Out the Service Deli Sales Dollar



Margins and profits in the service deli last year remained at much the same levels as in 1989.

unique program, whether it be prepared foods, specialty items, or quality at reasonable prices.

There were few surprises in the products that moved through supermarket service delis last year. The big selling items remained big, although not quite as big, and the previous year's sales gainers continued to gain.

It was really a modern-day twist on the Robin Hood scenario - take from the rich, and give to yourself. The "rich" sales categories, sliced meats, cheeses and salads still dominate the deli, together accounting for about 61 percent of its sales. This dominant share, however, is down from the combined 63 percent in 1989.

All three categories experienced part of this loss. The largest loser was cheese, which went from a 16.3 percent share in 1989 to 15.1 percent in 1990, a loss of 1.2 percent of the sales pie. Sliced meats, the deli's biggest category with 33.6

DELI SERVICE

SPACE

Adding only an average of 60 sq. ft. in 1990, the service deli and its accompanying cases managed to hold onto its relative share of total store space. At 1,470 sq. ft., the deli occupies an average of 3.9 percent of store space.

It would appear that the service deli is getting about as big as it is likely to get. In the future physical growth in the deli will probably be limited, and will come in the form of extra refrigerated cases along the peripheral areas of the store adjacent to the department.

Because the deli did not expand much last year, but there was a 10 percent growth in sales, sales per sq. ft. in the deli reached a new all-time high. At $7.96 per sq. ft., the extra $.44 in sales represents an increase of 5.9 percent.

Size of Department

Square Feet of Space

Mean	1,470 Square Feet
Median	1,285 Square Feet

By Store Format

Conventional	1,080 Sq. Ft.
Super Store	2,150 Sq. Ft.
Superwarehouse	2,005 Sq. Ft.

Share of Total Store Space

Mean	3.9%
Median	3.5%

By Store Format

Conventional	4.2%
Superstore	4.6%
Superwarehouse	3.2%

The Delibake Concept

Stores Combining Delis and Bakeries into a Joint Delibake Department

Joint delibake	25%
Separate departments	75
Total	100%

Popularity of Display Case Styles

Percent Likely to Use in Upcoming Installations

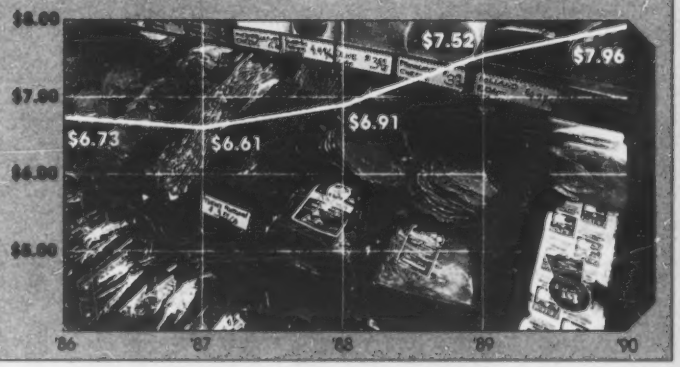
European-style cases	63%
Traditional cases	31
Both	6
Total	100%

Average Weekly Sales Per Square Foot of Space

Mean	$7.96

By Store Format

Conventional	$8.50
Superstore	7.12
Superwarehouse	7.93



Floor space in the deli did not grow significantly in 1990, but the average amount of sales per sq. ft. did. On average, each sq. ft. of deli space was worth an extra 44 cents in sales last year.

percent, lost 0.9 percent of the total sales, while salads lost just 0.3 percent.

The major recipients of these lost sales shares were the foodservice, or prepared foods items. Taken together, the various ready-to-eat items account for about 37 percent of total deli sales.

While virtually all prepared foods categories increased their shares of deli sales, the two biggest gainers were refrigerated entrées, and pizza programs, both gaining an extra 0.6 percent of sales in 1990.

A gain of 0.6 percent or a loss of 1.2 percent may not seem like much, but it becomes significant when you're talking about sales of $12.76 billion. Take cheese, for instance, which dropped from 16.3 percent of deli sales to 15.1 percent. Because we're talking about share of sales, not actual sales, deli cheese did not decline in sales dollars. It actually increased in 1990, but not as much as it would have if it could of retained its 1989 share of sales.

In 1989 (at 16.3 percent of sales) deli cheese sales were $1,814,190,000. In 1990 (at 15.1 percent of sales) cheese sold $1,926,760,000. If, however, cheese could of retained its 16.3 share of deli sales in 1990, then its sales would have been $2,079,880,000.

Therefore, the drop in share of sales of just 1.2 percent cost cheese an additional $153,120,000 dollars in sales. That amounted to an additional $153,120,000 in sales that went to the prepared food items instead of to deli cheeses.

Not only did refrigerated entrées and pizza programs have the biggest gains in market share of all deli products, they also were the products that were most often introduced or expanded in the deli last year. Lite salads were also among the newer products that delis introduced most in 1990.

Barbecue items seemed to have begun to slip somewhat last year. Deli merchandisers said that barbecue items were the most often cut back items. Barbecue ribs, for instance, was the only prepared food item that did not increase in market share in 1990. Its share held steady at 2.8 percent of sales.

Slight space increase

In terms of physical space service delis grew slightly last year. The average amount of floor space occupied by a service deli grew from 1,410 sq. ft. in 1989 to 1,470 sq. ft. in 1990.

An average growth of just 60 sq. ft. means that there wasn't a great deal of expansion of products or services in the deli. Those products or services that were added were usually done so without adding much additional space, borrowing it,

DELI SERVICE

LOCATION & EQUIPMENT

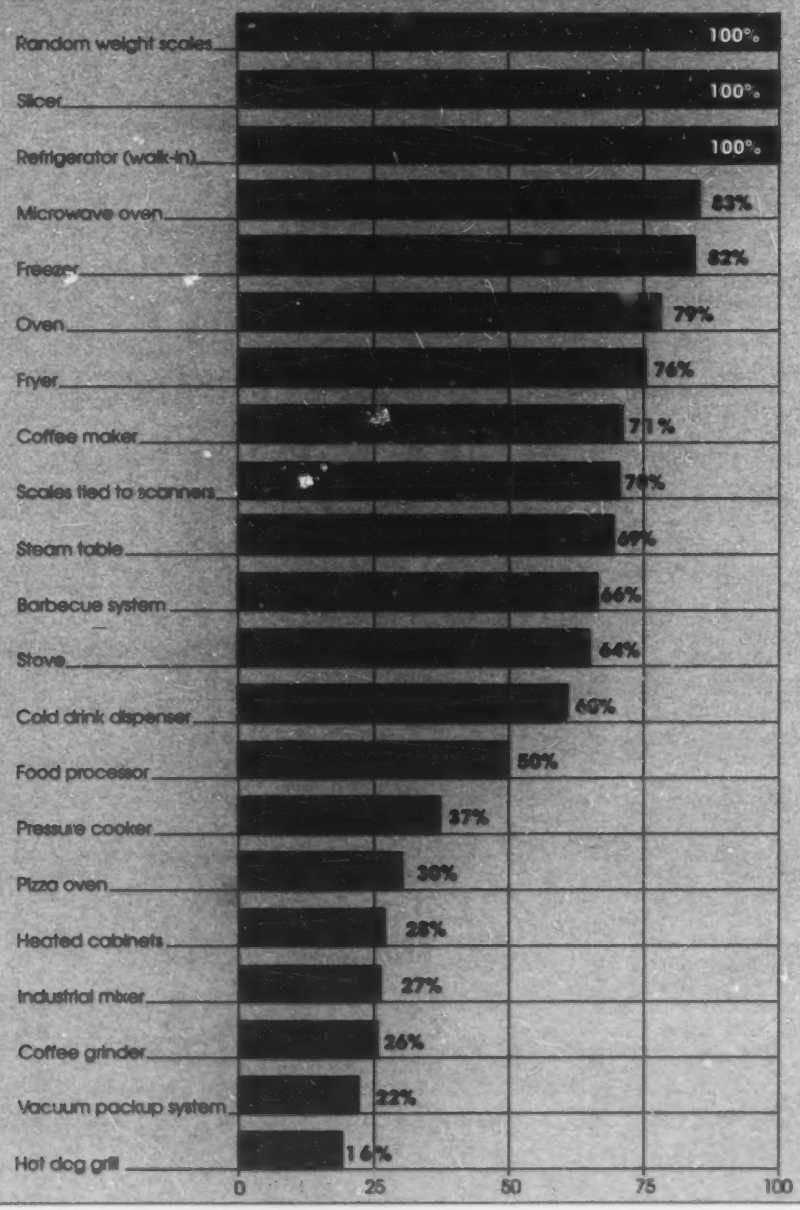
It is no shock that deli directors would prefer to place their departments first in the store's traffic patterns. This preference increased last year, with 80 percent now wanting to be the first department shoppers see.

This increase is not all due to ego, but to the need for getting the customer to the department and out of the store conveniently.

Service delis continued to increase the amount of equipment that they had in the store last year. This added equipment included both food preparation/kitchen equipment used to prepare food from scratch, and more foodservice/snack-bar equipment for instore eating.

Preferred Location for Service Deli

The Well-Equipped Service Deli Percentage of Stores That Have



Deli directors may not be totally impartial, but given a choice, they'd make the department the first thing customers see when they enter the store.

instead, from existing products.

The service deli occupies an average 3.9 percent of the total store space, this is only up 0.1 percent from 1989's figure. Because of the combination of slight increases in size and weekly sales, average sales per sq. ft. were up about 6 percent, to a new high of $7.96.

The big story in the deli this year is the improvement in the labor picture. Retailers report that it now takes fewer people to run their delis. This is a continuation of a trend that we have been seeing for the past couple of years.

It now takes the equivalent of 7.2 full employees to operate the service deli each week. In 1989 it took 8.5 full-time equivalent employees to do the same work. The range of number of deli employees around this 7.2 average is great. For instance, 28 percent of the delis operate with fewer than 5 employees, while 23 percent utilize more than 11 full-time equivalent employees.

While there has been some reduction in labor costs, they are not proportionate to the reduction in man hours. In 1989 labor costs were roughly 18 percent of sales in the deli. Last year, with the reduction in manpower, labor costs dipped only slightly to 17.6 percent.

The reason for the slight reduction in labor costs is that the ratio between the more costly full-time employees and the part-timers has stayed the

DELI SERVICE

LABOR & SERVICE

Retailers report that it now takes fewer people to run their delis. This is a continuation of a trend that has been going on for the past two years. It now takes the equivalent of 7.2 full-time employees to operate the department.

The lower number of employees, coupled with the increase in sales in the department, has raised the average weekly sales per deli employee to $1,625. Despite these cuts in employees, the percentage of departmental sales that goes to cover labor costs decreased only slightly, from 18 percent in 1989 to 17.6 percent in 1990.

More and more stores are offering prepackaged prepared foods as a way of giving customers the optimum in speedy service and convenience. The vast majority of delis now offer some selections of prepackaged sandwiches, desserts, salads and entrees.

Number of Employees

Full-time	3.4
Part-time	7.6
Full-time Equivalent*	7.2

Full-Time Equivalent Employees

Fewer than 4	10%
4-5	18
6-7	31
8-10	18
11 or more	23
Total	100%

*Two part-time= one full-time employee

Average Weekly Sales Per Employee*

Mean	$1,625
$750 or less	2
$751-$1,000	16
$1,001-$1,500	46
$1,501-$2,000	31
Over $2,000	5
Total	100%

*Full-time equivalent employees

Special Area for Consuming Foods/Drink From Deli On Premises

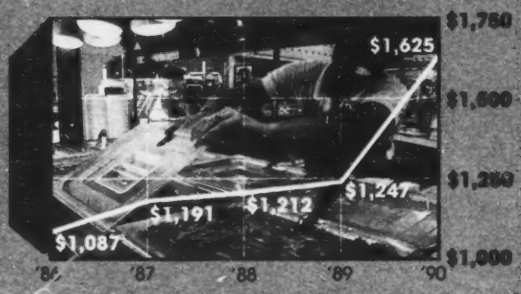
Percentage of Companies Offering	
Have facilities	71%
No facilities	29
Total	100%

How Much for Labor

(Labor as Percentage of Service Deli Sales)

Mean	17.6%
Median	17.3
10-15%	14%
16-20	35
21-25	31
26-30	17
Over 30	3
Total	100%

Average Weekly Sales Per Employee



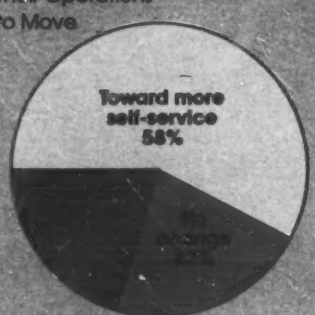
Time for Prep and Service

Breakdown of Labor Hours

Customer service	64%
Other (incl. prep)	36
Total	100%

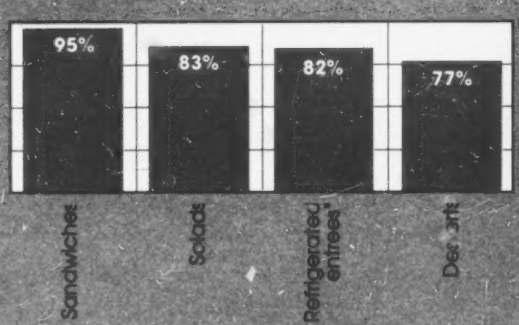
Trends in Service

Direction Deli Directors Expect Their Operations to Move



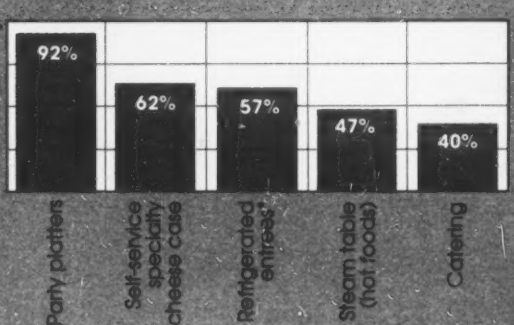
Offerings of Prepackaged Products in Self-Service Cases

Percentage of Stores Offering



Special Services

Percentage of Stores Offering



*To be heated/microwaved at home

Labor was the brightest spot in the deli picture last year, as staff reductions were achieved without decreasing product selection.

same. Approximately 47 percent of the deli workers are full-timers. Since there are only 3 or 4 of these employees in the department they are more apt to be higher salaried managers or cooks, rather than minimum-salaried clerks.

The drop from an 18 percent labor cost to a 17.6 percent cost is not as insignificant as it may appear. With margins and profits in the supermarket being as competitive as they are, anytime you can squeeze an extra 0.4 percent out, you've found extra money.

As a consequence of the drop in the number of employees, and the increase in weekly sales, the average weekly sales per employee increased by $378 in 1990, from $1,247 to $1,625.

The cost of labor decreases may have been counteracted by an increase in product costs, because the delis may be bringing in more of their products already prepared from foodservice suppliers. Those reporting that they prepare at least some salads instore from

DELI SERVICE

PRODUCTION AND SUPPLY

Commissaries continue to decline in supermarket companies, with only 22 percent reporting some sort of company commissary operation. Companies that do have commissaries tend to put them to good use—68 percent are used primarily to prepare food from scratch for the stores.

Virtually every retailer reports having more than one source for salads sold at the deli. The most popular source continues to be some sort of foodservice supplier. Fifty-seven percent of stores procured salads directly from foodservice manufacturers, distributors or wholesalers, while 48 percent of stores make at least some of the salads from scratch instore. Only 11 percent prepare salads in their company commissary.

Commissaries

Percent of Companies Having Company-Operated Commissary From Which Stores Order

Have commissary	22%
Do not have commissary	78
Total	100%

Main Function of Commissary

Preparation from scratch ingredients	68%
Ordering from food-service suppliers	32
Total	100%

Sources of Service Deli Salads

Percent of Stores Using

Prepared products bought from foodservice suppliers have helped cut labor costs in many service delis, while allowing them to merchandise more prepared food products.

scratch, for instance, declined to 48 percent from 50 percent, while those reporting that they buy salads from a supplier increased to 57 percent. Most stores now get their products from a variety of sources.

A further indication that more product is coming into the store already prepared is that companies report that their employees spend less of their time in food preparation. Despite the merchandising of more involved prepared foods these days, the amount of employee time spent in food prep dropped to 36 percent from 39 percent in 1989. Conversely, the amount of time spent in customer service increased to 64 percent.

More customer shopping trips

1990 was a good year for the deli department customer count. The percentage of total transactions that included a deli transaction finally increased.

The percentage of total transactions that included a deli purchase in 1990 went up to 22.1 percent from 19.8 percent in 1989. While still not as high a percentage as any deli operator would like, this the biggest jump in some time.

More shopping trips may include a deli purchase, but the average size of that purchase has decreased somewhat. In 1989 the average deli transaction amounted to $4.55, while in 1990 the average transaction was down to $4.41.

This is not a result of lower prices in the department, since prices were up somewhat last year. Rather, it is a result of smaller purchases. This may be one reason why the percent of shopping trips or store transactions containing a deli purchase increased. Shoppers are buying less, but more often. Another factor is that if there are more new patrons shopping the deli, they may be buying in less quantity, or choosing a more limited selection of products than long-time deli shoppers.

There is more money floating around the deli for promotion and advertising. More operators indicated that their deli's share of the advertising budget was now equal to or greater than its share of sales (76 percent in 1990 as opposed to 65 percent in 1989).

Sampling remains the number one method of deli promotion, with 94 percent of the companies reporting that they have a sampling program in place. These programs are becoming more broad-based, including sampling of both new and existing products instead of only recent introductions.

Many retailers have instituted a program of regular sampling, in which something is being offered to customers for tasting each week, giving them a reason to walk by the department. This is a technique used successfully by bakeries for generations.

Other popular methods of promoting the deli include newspaper ads (used by 89 percent), store circulars (83 percent) and point-of-purchase materials (73 percent).

Deli operators aren't too thrilled with the some of the

DELI SERVICE

MERCHANDISING & CUSTOMERS

The percentage of total store transactions that included a deli purchase in 1990 went up to 22.1 percent from 19.8 percent in 1989. This was the largest jump in years. It suggests that the deli is getting a little more successful in getting its shoppers to make purchases more frequently.

More shopping trips may include a deli purchase, but the average size of that purchase has decreased somewhat. In 1989 the average deli transaction amounted to $4.55, while in 1990 the average transaction was down to $4.41.

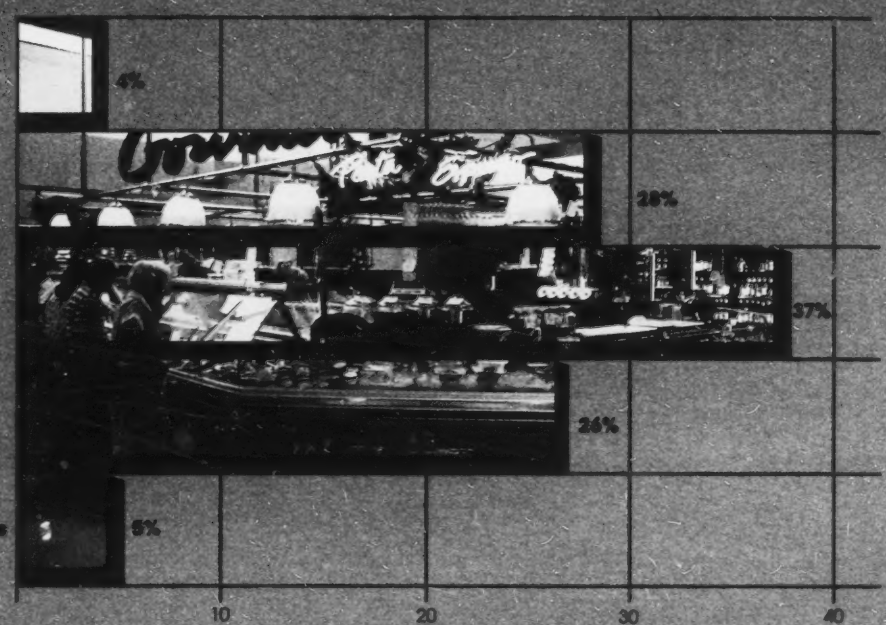
Deli operators are hoping to win more frequent repeat purchases, and as many new shoppers as possible, by heavily promoting the department. Most now claim that their share of ad budgets is at least as large as their share of sales.

Retailers are looking to their deli suppliers for help in promoting the departments, especially in the form of instore demos, deli coupons, and ad allowances. There is also a need for suppliers to get more involved in training employees.

How Much Customers Spend

Percentage Who Shop the Deli — Mean 22.1% — Median 20.6%

How Much They Spend — Mean $4.41



Advertising and Promotion Self Service Deli

	Percentage Using
Sampling	94%
Newspapers	89
Circulars	83
Point-of-Purchase	79
Radio	57
Television	40

Delis' Share of Ad Space Compared to Share of Sales

Greater	35%
Less	24
Equal	41
Total	100%

How Retailers Rate the Promotion and Advertising Help from Deli Suppliers

Excellent	12%
Good	47
Fair	29
Poor	12
Total	100%

Where Retailers Need More or Better Quality Help from Deli Suppliers

	Companies Wanting More Help	Companies Wanting Better Help
Instore demos	71%	47%
Point-of-purchase materials	41	18
Deli coupons	65	12
Ad allowances	65	24
Training	71%	47%

The good news is that the number of deli transactions is up. The bad news is that each transaction is worth just a little bit less.

support that they are receiving from their deli suppliers. When asked to rate the promotional and advertising help they received, only 47 percent said that it was good, and 12 percent that it was excellent.

The majority of retailers said that they needed more help from their deli suppliers in promoting the department and the individual products. Specifically, they called for more help with instore demos, training, deli coupons and ad allowances. The majority did say that they had enough point-of-purchase materials.

Last year's statistics indicate that the deli is no longer an automatic draw, and that it will not automatically grow in sales. It is not necessarily even the automatic money maker that it was a few years ago. Operators are starting to have to work both smarter and harder to increase both the deli's share of the store's dollars, and their store's share of the community's deli or prepared foods dollars.

Two important figures to watch in the coming year will be the deli transaction count, and the amount of the average transaction. If operators can increase both of these figures, the department will have a very successful year. Otherwise, they had better be able to orchestrate a significant jump in at least one of these figures.

HEALTH & BEAUTY AIDS
SAMI FOUR-WEEK FOOD STORE UNIT TRENDS VS. YEAR AGO

PRODUCT GROUP AND CATEGORY	% CHANGE VS. YEAR AGO 4 WEEKS ENDING 10/5/90	4 WEEKS ENDING 11/2/90	4 WEEKS ENDING 11/30/90
BABY NEEDS	**- 5.1%**	**- 6.9%**	**- 1.7%**
Baby Powders	- 12.6	- 9.8	- 1.0
Baby Oils, Creams & Lotions	- 9.4	- 9.1	- 5.3
Infant Clothes	- 12.0	- 15.7	- 6.5
Nursing Supplies	+ 2.9	- 2.4	+ 2.1
MISC. PERSONAL NEEDS	**+ 7.8%**	**+ 7.6%**	**+ 6.4%**
Contraceptives	+ 4.9	+ 8.0	+ 1.6
Personal Lubricants	+ 2.8	+ 4.3	+ 23.5
Home Testing Kits	+ 22.0	+ 21.2	+ 16.1
Thermometers	+ 9.4	- 2.8	+ 3.8
DEODORANTS	**+ 2.2%**	**- 5.8%**	**- 3.9%**
Sprays	- 8.7	- 12.8	- 11.9
Roll-Ons	- 3.1	- 12.3	- 13.4
Stick Deodorants & Pads	+ 12.1	- 0.5	+ 6.9
Creams	- 7.7	- 11.6	- 14.6
Deodorants & Talcum Powders	- 13.6	- 16.4	- 28.4
Feminine Hygiene Deodorants	- 5.5	- 9.6	- 5.3
Foot Deodorants & Athlete's Foot Remedies	+ 7.5	+ 4.2	+ 7.4
Feminine Douches	- 0.9	- 2.4	- 9.2
FIRST AID	**- 1.8%**	**- 2.2%**	**- 6.7%**
Antiseptics	+ 2.0	+ 3.3	+ 1.7
First Aid Products	- 3.6	- 4.4	- 9.5
Elastic Goods & Dressings	+ 33.5	+ 40.4	+ 26.0
HAIR CARE NEEDS	**- 2.5%**	**- 5.0%**	**- 1.8%**
Shampoos	- 1.4	- 6.2	- 2.7
Hair Sprays	- 8.4	- 5.8	- 0.5
Hair Conditioning Rinses	- 0.4	- 2.9	- 1.8
Hair Setting Needs	+ 4.6	+ 1.8	+ 3.1
Home Permanent Kits	- 12.8	- 14.6	- 13.8
Hair Coloring	+ 4.0	- 4.4	- 2.8
Hair Dressing Needs	- 3.9	- 6.6	- 7.3
ORAL HYGIENE	**- 3.4%**	**- 2.8%**	**- 5.5%**
Toothpastes & Powders	- 3.4	- 3.0	- 4.9
Mouthwashes	- 9.2	- 4.7	- 10.5
Breath Fresheners	- 4.9	- 0.8	- 4.5
Denture Cleaners	- 7.0	+ 2.6	- 2.2
Denture Adhesives	- 3.5	- 6.7	- 3.5
Toothbrushes	+ 2.2	- 2.2	- 5.9
Dental Aids	+ 12.5	+ 6.1	+ 9.6
PROPRIETARY REMEDIES	**- 5.6%**	**- 3.9%**	**- 2.2%**
Antacids	- 3.5	- 2.5	- 1.9
Internal Analgesics	- 7.2	- 5.2	- 7.9
External Analgesics	+ 10.7	+ 10.1	+ 3.8
Cold Remedies	- 7.0	- 2.5	+ 4.9
Nasal Sprays/Drops/Inhalers	- 8.5	- 4.0	+ 1.3
Chest Rubs	- 10.8	+ 0.1	- 3.8
Cough Remedies	- 4.8	- 4.8	+ 1.7
Laxatives	- 2.7	- 3.7	- 3.5
Sleeping Aids	+ 6.9	+ 6.1	+ 6.0
Tranquilizers	- 13.0	- 15.4	- 19.3
Eye Care Products	- 5.0	- 5.6	- 3.2
Appetite Suppressants	- 18.4	- 13.7	- 21.4
Synthetic Vitamins	- 12.1	- 12.3	- 12.3
Natural Vitamins	- 0.4	+ 1.1	- 1.1
Misc. Proprietary Remedies	- 2.3	+ 1.2	- 1.0
SHAVING NEEDS	**- 0.8%**	**- 2.8%**	**- 3.7%**
Shaving Creams	- 1.3	- 0.8	- 1.3
Pre-Shave Lotions	- 11.9	- 7.1	- 10.5
After-Shave Lotions	- 5.8	- 10.8	- 6.9
Razor Blades	+ 0.3	- 2.6	- 4.2
SKIN CARE AIDS	**- 3.4%**	**- 0.8%**	**- 4.6**
Hand & Body Creams & Lotions	- 5.4	- 9.2	- 13.2
Facial Preparations	- 1.8	+ 3.8	+ 9.9
Lip Care Products	- 4.4	+ 7.6	- 3.1
Suntan Lotions & Oils	+ 31.8	+ 84.2	+ 41.1
Cosmetic & Medicated Skin Aids	- 1.8	- 1.4	+ 0.5
TOTAL ALL CATEGORIES	**- 3.2%**	**- 3.8%**	**+ 3.3%**

COLD REMEDIES GAIN, BUT UNIT SALES FALL IN MOST HBA CATEGORIES

November losers outnumber winners 2 to 1, as tonnage continues to trail 1989 levels in both food stores and drugstores.

BY ALAN B. MILLER JR.

During the four-week period ending November 30, 1990, food store combined volume in all 57 health and beauty aids product categories fell 8.7 million units as compared with the corresponding period of a year ago. This represented a decline of 3.3%, which matched the loss rate recorded in drugstores nationally for the same period.

The four-week decline was broad-based. The only increase was a gain in miscellaneous personal products, where all four product categories registered tonnage increases, paced by personal lubricants (+23.5%) and home testing kits (+16.1%).

The tonnage loss rate among HBA categories was higher than that for dry grocery nonfoods, where units fell 2.0%. There were poundage gains in each of the food departments: dry grocery food, +0.8%; frozen, +1.0% and refrigerated, +1.3%.

On a dollar basis, HBA products showed a four-week gain of 0.4%, which was slightly higher than the 'n-crease of 0.2% over a 12-week span. But the highest dollar gain was found among refrigerated foods, a plus of 8.7%. A dollar loss of 0.1% was recorded in the case of dry grocery nonfood products.

The four-week dollar trends were lower than the annual performance in all five product departments. As of the period ending November 30, 1990, the 52-week dollar gain for HBA stood at +2.5% as compared to a gain of 4.1% for all categories tracked by Arbitron/SAMI combined.

In three HBA product groups, the four-week trend, although negative, represented an improvement over the loss rate on a 12-week basis. Among baby needs, the four-week unit loss was 1.7% as opposed to 4.6% for the 12-week interval. Hair care products had a 12-week loss rate amounting to 3.1%, and the decline improved to -1.8% for the four weeks. The comparison among proprietary remedies was -2.2% for four weeks and -3.9% for 12 weeks. In each of the remaining five HBA product groups, the trend picture worsened.

Winners and losers

Exactly twice as many product categories (38) suffered losses as had gains (19). The highest gain rate was an aseasonal jump of 41.1% for suntan lotion/suntan oil. The most severe rate of decline was 28.4% for deodorant and talcum powders.

Each of the four categories of baby needs enjoyed improved performance during the four weeks as compared with the 12-week period. The 8.3% loss rate for baby powders on a 12-week basis turned into a 1.0% loss in the 28 day period, and baby oils, cream and lotions went from a 12-week loss of 7.9% to a four-week decline of 5.3%. Infant clothes units fell 6.5% in November, but this was an improvement over the 11.5% loss rate for the 12-week span. The strongest trend among the categories in this product group was established by nursing supplies, ahead 2.1% for the month, 0.9% for the 12-weeks, and 2.6% for the full 52 weeks.

Two deodorant categories had positive trends: stick deodorants and pads (+6.9%), and foot deodorants and athlete's foot remedies (+7.4%). The national launches of Degree and No Sweat added new volume in the stick deodorant category, while the increase in sales of foot deodorants and athlete's foot remedies was helped by the sales of Schering Plough's new Lotrimin. In addition to the

SAMI UPDATE

Continued from previous page

loss already noted for deodorant and talcum powders, there were four-week double-digit loss rates for cream deodorants (-14.6%), roll-ons (-13.4%) and sprays (-11.9%).

Although two of the three first aid categories tracked by SAMI had positive four-week tonnage trends, their increases were insufficient to offset the losses among first aid products, which suffered a 9.5% decline in spite of volume from new products, particularly Ninja Turtle and Sesame Street bandages. The elastic goods and dressings category was up 26.0%, but this advance was aided by the tracking of items not included last year. Volume of first aid antiseptics was enhanced by the introduction of Warner-Lambert's Caladryl.

Only one category of hair care needs recorded a gain on a four-week basis. Hair setting needs was ahead 3.1% with help from growth brands such as l'Oreal, Studio, Suave, Salon Selectives, L.A. Looks, Aussie, Vital Care and La Coupe. The highest loss rate was found in the home permanent kits category, where Toni Epic Wave is on a phase-out course after only a brief period of popularity. Shampoo, the highest volume category, fell 2.7%, but this was an improvement over the 3.4% loss during the 12-week span. On a full-year basis, the only hair care needs categories with increased unit sales versus the 1989 52-week period were hair setting needs (+5.7%) and hair conditioning rinses (+1.5%). The second highest four-week loss rate was for hairdressing needs, which registered a decline of 7.3%. The loss rate in the hair spray category fell from -5.0% for the 12 weeks to -0.5% in the four-week period.

Only one category of oral hygiene products showed forward progress. Unit sales of dental aids moved ahead 9.6%, reflecting strength among both private label offerings of dental floss and sales of dental devices such as Water Pik. The highest four-week loss rate was a 10.5% decline for mouthwash, followed by a 5.9% fall-off in the category of toothbrushes. Sales of toothpaste and powder dropped by more than 1.3 million units in the four-week period compared with the same period in 1989. On a full year basis, however, four oral hygiene categories recorded increased sales rates: dental aids (+4.7%), toothbrushes (+3.2%), breath fresheners (+2.7%) and denture adhesives (+0.1%). The highest annual loss rate was a 5.8% decline for mouthwash products.

Cold remedies healthy

Four-week sales of proprietary remedies declined just under 2 million units. The loss rate would have been higher if not for strength in all of the cough and cold categories except for chest rubs. There were gains for cold remedies (+4.9%), nasal sprays/drops/inhalers (+1.3%) and cough remedies (+1.7%); and in each of these three categories, the four-week plus volume was in contrast to a 12-week loss.

The highest gain rate in the entire product group was a 6.0% advance for sleeping aids, while the sharpest drops were found among appetite suppressants (-21.4%), synthetic vitamins (-12.3%) and the low-volume and fading proprietary tranquilizers category (-19.3%). Only five of 15 proprietary remedy categories had unit volume gains on a full year basis, topped by an increase of 14.8% for external analgesics.

All four of the shaving needs categories had losses for the four-week interval and only one, shaving creams, was successful in posting a gain (+0.1%) for the 52 weeks. The highest four-week loss rate was found among pre-shave lotions, where the previous year's volume was inflated by the introduction of Afta. The introductions of Gillette's Sensor did not provide enough additional volume to create gain rates for razor blades for any of the four-, 12- or 52-week periods.

Sales in the skin care aids product group fell 4.6% for the four weeks in spite of the fact that three of the five categories increased: suntan lotions/suntan oils (+41.1%—an off-season, low volume gain), facial preparations (+9.9%), and cosmetic and medicated skin aids (+0.5%). The product group weakness was intensified by the sharp 13.2% decline in hand and body creams/lotions and a 3.1% loss for lip care products. ■

Mr. Retailer: have no fear—the pro's are here!

Go with the pro—STRATMAR 914-937-7171

Our people are highly trained professionals you'll be proud to have in your store. Courteous, helpful, knowledgeable. Just what you'd expect from one of the top marketing services companies in the U.S. Sampling? Detailing? Merchandising? Whatever is needed, we can lend an expert hand, with a national field force of 14,000. No wonder leading companies from Del Monte to Kraft/General Foods call Stratmar first.

Call Stratmar first: 914-937-7171 Fax: 914-937-0738
Stratmar • 109 Willett Avenue • Port Chester, New York 10573

STRATMAR

is ready to give you a hand now.